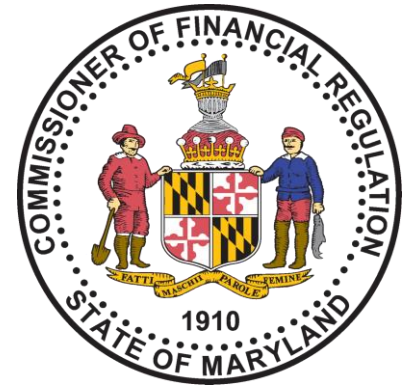


Office of the Commissioner of Financial Regulation



Foreclosure Briefing, Environment and Transportation
February 14, 2023

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Office of the Commissioner of Financial Regulation

Presentation Topics

- ☐ OCFR Overview
- ☐ Consumer Protection
- ☐ Residential Mortgage Foreclosure Process in Maryland
- ☐ Notice of Intent to Foreclose, Notice of Foreclosure Filing, Foreclosed Property Registry
- ☐ Regulation Updates
- ☐ Submit a Consumer Complaint
- ☐ Contact Information



About the Office

The Office of the Commissioner of Financial Regulation (OCFR) is Maryland's consumer financial protection agency and financial services regulator.

The Commissioner of Financial Regulation has authority under Maryland law to license, register, charter, and supervise, through examinations and investigations, certain financial service providers and financial service activities in Maryland.

With respect to foreclosure, OCFR:

- Regulates and supervises state-licensed mortgage lenders, servicers, and consumer debt collection agencies, and state-chartered banks and credit unions
- Has regulatory authority with respect to certain foreclosure procedures, forms, and notices
- Enforces Maryland laws protecting homeowners from mortgage fraud and foreclosure-prevention scams
- Manages and maintains the Maryland Foreclosure Registration System



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Consumer Protection

OCFR remediates harm through supervisory and enforcement actions, and through consumer services investigations.

- The **Consumer Services Unit** is responsible for investigating consumer inquiries and complaints involving financial services providers, with the goal of resolving those complaints.
- The **Enforcement Unit** is responsible for investigating fraud-related issues and conducting specialized investigations involving licensed and unlicensed business entities, with the goal of uncovering improper business practices and/or violations of law.
- OCFR obtains monetary recoveries for consumers resulting from the Office's commitment to protecting the public from economic harm caused by financial service providers. OCFR also imposes civil monetary penalties with the goal of preventing future misconduct.

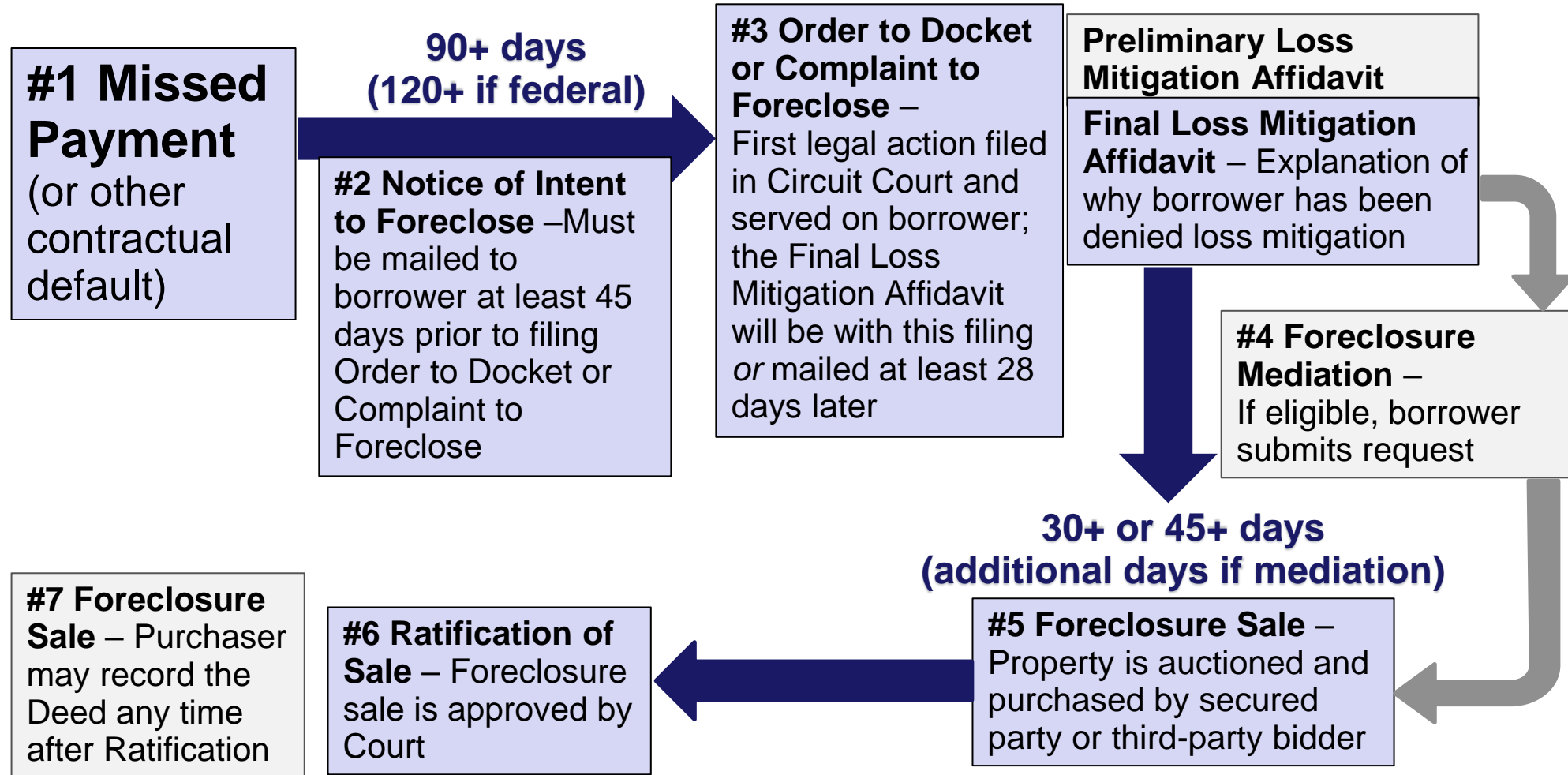


Residential Mortgage Foreclosure Process in Maryland

- 1) Missed mortgage payment or other contractual default
- 2) Notice of Intent to Foreclose sent to borrower from lender
 - Commissioner receives electronic copy (RP§7-105.1 and COMAR 09.03.12.02)
- 3) Foreclosure action filed in court by lender
 - Notice of Foreclosure filing (RP§7–105.2)
- 4) Mediation, if requested by eligible borrower, held at Office of Administrative Hearings
- 5) Foreclosure sale
 - Initial Foreclosed Property Registration (RP§7–105.14)
- 6) Ratification of sale by court
- 7) Deed recordation
 - Final Foreclosed Property Registration (RP§7-105.14)



Foreclosure Process

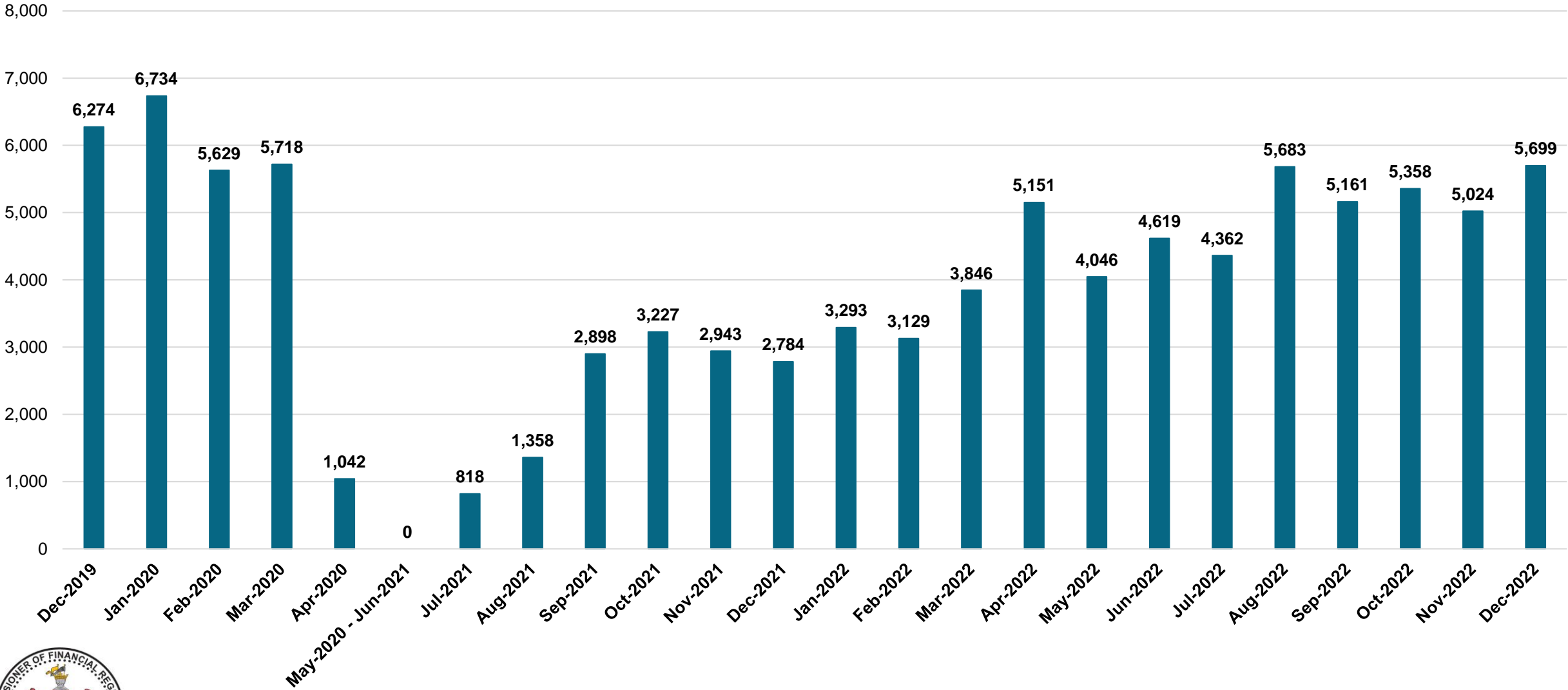


Notice of Intent to Foreclose

- Notifies borrower that foreclosure action may be filed against them; contains pertinent information from the secured party and may include loss mitigation instructions
- Commissioner receives electronic copy (RP§7-105.1 and COMAR 09.03.12.02)
- Data is used by OCFR for supervision of licensed entities and direct outreach
 - Outreach materials with foreclosure prevention information and resources mailed to borrowers every week



Notices of Intent to Foreclose (December 2019 - December 2022)



Notice of Foreclosure Filing

- Legislation enacted during 2017 General Assembly Session requires “notice of foreclosure” (Real Property §7-105.2, effective October 2018)
- “Person authorized to make the sale” required to submit notice to OCFR **within 7 days of filing** Order to Docket or Complaint to Foreclose
- General access NOF listing may be granted by OCFR only to Maryland county and municipal staff, city and county elected officials, and state agencies. Property-specific information may be released to certain parties.

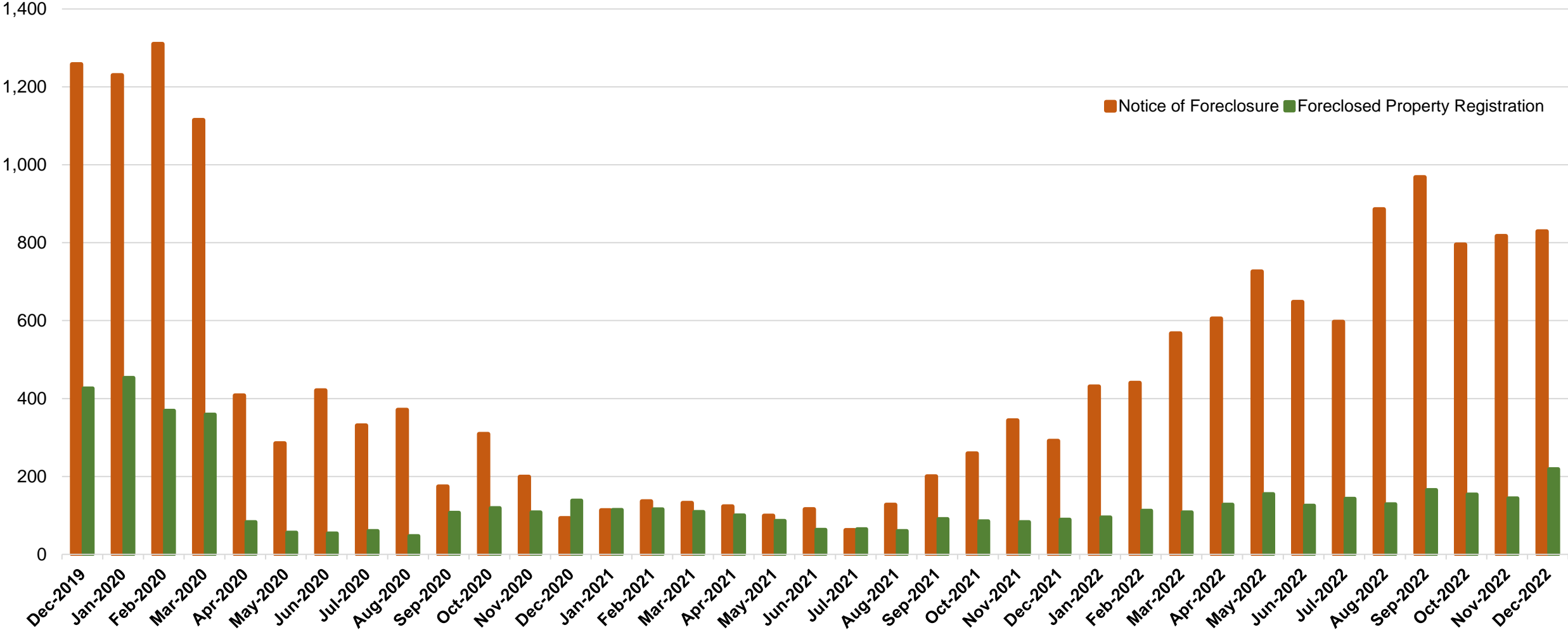


Foreclosed Property Registry

- Created per legislation enacted during 2012 General Assembly Session and updates enacted during 2018 session (Real Property §7-105.14)
- Purchaser required to submit initial registration of the property **within 30 days of the foreclosure sale** (\$50 filing fee, \$100 if after deadline)
- Purchaser required to update certain information in the initial registration within 21 days of the change being known to the purchaser
- Purchaser required to submit final registration of the property **within 30 days of deed recordation**
- General access may be granted by OCFR only to Maryland county and municipal staff, city and county elected officials, and state agencies. Property-specific information may be released to certain parties.
- OCFR is required to promptly notify authorized county and municipal users of submission or update of initial registration
- Enforcement authority lies with local jurisdictions



Notices of Foreclosure and Foreclosed Property Registrations (December 2019 - December 2022)



Foreclosure Procedures – Changes to Regulation

- Establishes expiration criteria for Notices of Intent to Foreclose (NOIs)
- Establishes secured party “duty of good faith and fair dealing” in mediation, including:
 - (1) Providing the borrower with an accurate accounting of the debt owed;
 - (2) Making the borrower aware of all loss mitigation options and services offered by the secured party; and
 - (3) Pursuing loss mitigation when reasonably possible.
- Foreclosure sale cannot be scheduled if mediator finds that secured party failed to appear at a scheduled mediation
- Office of Administrative Hearings to file with court a report on the outcome of the mediation request
- Clarifies that the Commissioner may enforce these provisions by exercising any of the powers provided under Financial Institutions Article §§2-114—2-116
- **Changes effective March 1, 2023** ([COMAR 09.03.12](#))



Foreclosure Fraud

Enforcement Unit investigations involving foreclosure scams usually focus on two Maryland laws intended to protect consumers using foreclosure-prevention services:

- Mortgage Assistance Relief Services Act (MARS)
[Real Property §7-401]
- Protecting Homeowners in Foreclosure Act (PHIFA)
[Real Property §7-301]



Foreclosure Fraud Prevention

MARS and/or PHIFA generally apply to any person or entity providing assistance (or claiming to provide assistance) to consumers for activities such as:

- Negotiating foreclosure alternatives on behalf of a homeowner, including loan modifications, short sales, and deeds-in-lieu
- Negotiating forbearances, reinstatements, payment extensions, and waivers of balloon payments or acceleration clauses
- Stopping or postponing a foreclosure sale or repossession
- **PHIFA specifically applies to “foreclosure consultants”**, those who may arrange or facilitate “foreclosure rescue” transactions – i.e. the sale, transfer of title, or leasing back to the homeowner their residence (if the mortgage in default).

NOTE: See [OCFR website](#) for list of covered or prohibited activities.



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Foreclosure Fraud – Violations

Violations of Maryland law include, but are not limited to:

- Requests or receipt of advance payment for any fee or other consideration, until the consumer has executed a written agreement between them and the mortgage assistant provider
- Failing to disclose in the written agreement the specified terms, conditions and limitations of the offer, including but not limited to:
 - The fact that the consumer may not qualify for a loan modification.
 - The likely amount of the scheduled periodic payments and any arrears, payments, or fees that the consumer would owe in failing to qualify.



Submit a Consumer Complaint

Submitting complaints helps OCFR enforce Maryland's consumer protection laws, monitor industry trends, and identify patterns or systemic issues.

- File a consumer complaint if you believe there is a violation of Maryland law by a regulated financial service provider, including mortgage lenders or servicers, or to report a foreclosure-prevention scammer.
- Complaints can also be submitted for allegations of unlicensed activity.
- Visit OCFR's website to [submit a complaint](#) electronically or by paper form.

NOTE: If a third-party is submitting a complaint on behalf of a Maryland consumer, the consumer will need to sign OCFR's authorization form.

- Please email the Consumer Services Unit at CSU.Complaints@maryland.gov for assistance or to determine whether the subject of your complaint falls under OCFR's jurisdiction.





Office of the Commissioner of Financial Regulation

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